

## Message Text

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ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 /014 W  
-----049321 251037Z /12  
R 250930Z AUG 77  
FM AMCMSUL PALERMO  
TO SECSTATE WASHDC 2196  
INFO/AMEMBASSY ROME 1073

UNCLAS SECTION 1 OF 2 PALERMO 0613/1

E.O. 11652: N/A  
TAGS: AFSP, AMGT  
SUBJECT: PALERMO OFFICE SPACE RELOCATION

1. THE LEASE OF THE CONSULATE GENERAL'S OFFICE EXPIRES JUNE 30, 1978. SPACE CURRENTLY OCCUPIED IS IN EXCESS OF OUR NEEDS AND WITH FULL ENDORSEMENT FROM EMBASSY ROME AND NOVEMBER 1976 FOREIGN SERVICE INSPECTION, WE HAVE THOROUGHLY RESEARCHED THE POSSIBILITY OF CONSOLIDATING CURRENT SPACE FROM THREE FLOORS TO TWO IN ORDER TO CREATE OFFICES WHICH ARE MORE RATIONAL, MORE SECURE, AND MORE ATTRACTIVE TO THE PUBLIC AND AS A WORK-PLACE FOR US.
2. THE BASIC UNSUITABILITY OF PRESENT PREMISES WAS FULLY BROUGHT OUT DURING THESE PREPARATIONS, WITH EXTENSIVE RE-MODELING NEEDED TO RATIONALIZE CONSULAR WORK FLOW, PROVIDE SECURITY IMPROVEMENTS RECOMMENDED BY RSO (INCLUDING, FOR EXAMPLE EMERGENCY GENERATOR WHICH CANNOT BE ACCOMODATED IN PRESENT SPACE) AND MAKE OUR MAJOR CUSTOMER SERVICE (CONSULAR) FLOOR MORE REPRESENTATIVE OF AN AMERICAN DIPLOMATIC ESTABLISHMENT. THE PROJECTED EXPENSE OF NEEDED CHANGES (ESTIMATED APPROXIMATELY DOLS. 60,000 LAST MARCH AND INCREASING AS TIME PASSES), COUPLED WITH INCREASING DETERIORATION OF PRESENT OWNER'S WILLINGNESS TO MAKE TIMELY, FREQUENTLY-NEEDED REPAIRS, AS FORCED US SUBSEQUENTLY TO EXPLORE THE POSSIBILITY OF MOVING TO ANOTHER LOCATION.

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3. EXTENSIVE LOCAL SEARCH HAS DEVELOPED ALTERNATE POSSIBILITY ON TWO FLOORS OF MODERN OFFICE BUILDING NOW UNDER CONSTRUCTION, WHICH WOULD ALLOW US TO OPERATE WITH 400 SQARE METERS LESS SPACE THAN WE NOW HAVE. AMONG MANY SITES CANVASSED TO DATE (MOST AVAILABLE ONLY FOR SALE), THIS WAS THE ONLY RENTAL PROSPECT WHICH MET OUR SPACE, TIMING AND OTHER RQUIREMENTS. ASKING PRICE FOR 1653 SQUARE METERS IN NEW LOCATION IS LIRE 49,590,000

(CA DOLS. 56,224) YEARLY, WITH PRICE EITHER SLIGHTLY NEGOTIABLE  
G TO REMAIN AS IS IN ESCHARGE FOR A CERTAIN AMOUNT OF EXTRA  
FIXTURES, ALTERATIONS, OR MOVING-IN SERVICES. IN ADDITION,  
MORE SECURE (OFF-STREET) PARKING SPACE UNDER THE BUILDING FOR THREE  
OFFICIAL VEHICLES WOULD COST AN ADDITIONAL 750,000 LIRE (CA.  
DOLS. 850) PER YEAR VIS-A-VIS LIRE 510,000 (CA. DOLS. 578)  
PER YEAR CHARGED FOR PARKING AREA NOW OCCUPIED AT SOME  
DISTANCE FROM THE CONSULATE GENERAL.

4. LOCAL INVESTIGATION TO DATE AND PRECISE CALCULATION BY  
KNOWLEDGEABLE LOCAL FINANCIAL/REAL ESTATE CONTACTS INDICATE  
THAT, WHILE THE CURRENT OWNER'S ASKING PRICE IS "EXORBITANT"  
FOR OUR CURRENT PREMISES AT THEIR PRESENT AGE AND LOCATION, THE  
RENTAL FIGURE QUOTED ABOVE FOR NEW PREMISES IS IN THE LOWER  
RANGE OF ASKING PRICES FOR AVAILABLE NEW OFFICE SPACE IN PALERMO.  
WHILE THESE NEW PREMISES WOULD ALSO REQUIRE SOME INVESTMENT IN  
SECURITY, LIGHTING AND OTHER FIXTURES, WE WUOLD ESTIMATE  
THIS AT LESS THAN COST PROJECTED FOR CONSOLIDATION OF OUR  
CURRENT OFICES, WITH RESULTING CONFIGURATION AND ATTRACTIVENESS  
GIVING MUCH GREATER VALUE RECEIVED FOR RENT PAID THAN IF  
WE REMAINED IN PRESENT SPACE REGARDLESS OF WHAT IS DONE TO  
IT. AMORTIZATION OF EXPENSES OVER EVENTUAL LONG-TERM OCCUPANCY  
IN NEW QUARTERS, WOULD FULLY JUSTIFY MOVING-IN COSTS.

5. CONSULATE GENERAL HAS BEEN IN PRESENT OFFICE SPACE SINCE  
1962. LOCATED IN BUILDING CONSTRUCTED FOR APARTMENTS, THE  
OFFICES ARE GLOOMY, HARD TO HEAT AND COOL ADEQUATELY, NOT  
RATIONALLY LAID-OUT, INADEQUATE IN TERMS OF USIS/MEETING  
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FACILITIES, WASTEFUL OF SPACE IN CORRIDORS, ETC., AND ARE  
GENERALLY UNREPRESENTATIVE OF IMAGE U.S. SHOULD BE PROJECTING  
IN THIS CITY.

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ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 /014 W  
-----049381 251037Z /12

R 250950Z AUG 77  
FM AMCONSUL PALERMO  
TO SECSTATE WASHDC 2197

INFO AMEMBASSY ROME

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.....THIS CITY.

6. PRESENT OWNERS ASKING OVER 100 PER CENT INCREASE PER SQUARE METER FOR OFFICE SPACE INCREASINGLY BESET WITH SURPRISE DISLOCATIONS WHICH ARE PRODUCTS OF ORIGINAL "ON-THE-CHEAP" CONSTRUCTION. WE HAVE HAD IN LAST YEAR FOR EXAMPLE, THREE SEPARATE BURST PIPES WHICH FLOODED THE CONSULATE OFFICES. THESE WERE REPAIRED AT VERY LEASURELY PACE WITH LOUD LAMENTATIONS FROM LANDLORD AND DEMAND THAT SUCH REPAIRS BE MADE BY U.S.G. UNDER ANY FUTURE LEASE. TYPICAL OF ITS AMENITIES, FOR EXAMPLE, IS OUR BARN-LIKE VISA SECTION, APTLY DESCRIBED AS "VINTAGE ELLINS ISLAND", WHICH HAS "SQUAT-HOLE" TOILETS, LITTLE OUTSIDE LIGHT, HIGH NOISE AND DIRT LEVEL FROM STREET ETC.

7. GIVEN ABOVE CONDITIONS, WE ARE INCREASINGLY RELUCTANT TO ENTER CONTRACTS FOR FUTURE RENTAL AND RECONSTRUCTION COSTS THAT WOULD ONLY SERVE TO TIE US INTO AN ALREADY UNATTRACTIVE SITUATION FOR SEVERAL MORE YEARS.

8. WHILE WE HAVE NOT YET NEGOTIATED IN DETAIL WITH OWNERS OF THE NEW BUILDING OR OBTAINED BIDS FOR MOVING IN, LIGHTING AND OTHER ONE-TIME COSTS, WE WOULD APPRECIATE DEPARTMENT'S ACCEPTANCE IN PRINCIPLE BEFORE MOVING INTO SUCH NEGOTIATIONS. IN ORDER NOT TO LOSE FY-77 MONEY ALREADY EARMARKED FOR PALERMO CONSOLIDATION EXPENSES, CONTRACTS/PURCHASE ORDERS FOR NEEDED ITEMS IN NEW QUARTERS MUST BE MADE AS SOON AS POSSIBLE. GIVEN SHORT DURATION THAT PRESENT LEASE HAS TO RUN, AND FACT THAT  
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PLANNING MUST MOVE FORWARD PROMPTLY WE WOULD APPRECIATE DEPARTMENT'S EARLIEST POSSIBLE RESPONSE. COLLINS

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## Message Attributes

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